



**ARIZONA STATE SENATE**  
***Fifty-Third Legislature, First Regular Session***

**FACT SHEET FOR H.B. 2372**

public benefits; fee waivers; requirements

Purpose

Makes various changes to the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for Needy Families Program (TANF).

Background

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (PL 104-193) reformed the welfare system in the United States. PRWORA combined federal funding for Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills (JOBS) and Emergency Assistance programs into the single TANF block grant. Elements of PRWORA include a focus on family self-sufficiency through employment, flexibility for states to design their own programs and replacement of open-ended entitlements with capped block grants subject to state legislative appropriations. States may use TANF funds in any manner "reasonably calculated to accomplish the purposes of TANF", which are to: 1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; 2) end the dependence of needy parents on government benefits by promoting job preparation, work and marriage; 3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and 4) encourage the formation and maintenance of two-parent families. Under TANF expenditure requirements, states must require work participation, set time limits for assistance, improve child support enforcement, encourage parental responsibility and collect data on performance outcomes. States may receive financial bonuses for success in achieving goals, and financial penalties are imposed if requirements are not met. States are also required to maintain a specified level of funding, known as "maintenance of effort." Currently, a needy family is ineligible for cash assistance except in cases of hardship if the family includes a head of household or the spouse of the head of household who has received cash assistance for a total of 12 months. H.B. 2372 allows a needy family to receive cash assistance for an additional 12 months if certain requirements are met.

In 2008, the U.S. Congress changed the name of the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP). According to the Department of Economic Security's (DES) website, the goal of the program in Arizona is to provide healthy food to low-income families with children and vulnerable adults. Some items that may not be purchased with SNAP benefits include: 1) alcoholic beverages and tobacco; 2) non-food items; 3) items used for gardening; 4) items that are not to be eaten by people, such as dog food; 5) vitamins and minerals; and 6) hot foods and prepared meals, unless the person is part of the Restaurant Meals Program. H.B. 2372 prohibits the use of the electronic benefits transfer (EBT) card for the purchase of lottery tickets.

According to the Governor's budget recommendation, the Executive recommends a \$2.7 million appropriation to DES for the purpose of providing an opportunity for TANF cash assistance recipients who meet outlined requirements to earn up to 12 additional months of cash assistance benefits, as proposed by this legislation.

### Provisions

#### ***Cash Assistance***

1. Allows a needy family to receive cash assistance for an additional 12 months if both of the following apply:
  - a) the head of household or other adult household member who is required to participate in the work program is in full compliance and remains in full compliance with all work activity requirements of the program; and
  - b) each dependent child in the assistance unit who is required to attend school, not including child only cases, has a school attendance record of at least 90 percent unless the child was excused as outlined.
2. Prohibits the use of an EBT card to purchase lottery tickets.

#### ***SNAP Eligibility After Conviction***

3. Allows a person who is convicted of a felony offense that has as an element of the offense the use or possession of a controlled substance to be eligible for the SNAP program if the person agrees to random drug testing and meets at least one of the following criterion:
  - a) successfully completes a substance abuse treatment program;
  - b) is currently accepted for treatment in a substance abuse treatment program but is on a waiting list, and the person remains enrolled in the treatment program and enters the treatment program at the first available opportunity;
  - c) is currently accepted for treatment in and is participating in a substance abuse treatment program;
  - d) is determined by a licensed medical provider to not need substance abuse treatment; and
  - e) if applicable, is in compliance with all terms of probation.
4. Requires DES to adopt rules related to drug testing that include more frequent drug testing for offenses that occurred within 24 months of the application date.

#### ***EBT Replacement Cards/Out-of-State Spending***

5. Requires DES to send each recipient who requests two replacement cards within a 12-month period a letter informing the person that another request will initiate an investigation by DES to determine whether or not there is fraud.
6. Requires a third-party vendor, if the vendor is administering replacement cards directly to recipients, to notify DES after a recipient requests a second replacement card in a 12-month period and makes any subsequent requests thereafter.

7. Requires DES, after a recipient's request for a third replacement card and any subsequent request thereafter, to schedule an interview with the recipient and, if DES has been granted a federal waiver, determine whether there is fraud before issuing a new card.
8. Requires DES to schedule an interview with the recipient after the request for a fourth replacement card to determine whether there is fraud before issuing a new card.
9. Requires DES to request any necessary federal waivers to comply with the aforementioned requirements.
10. Requires DES to schedule an interview with a recipient who uses more than 10 percent of the person's EBT balance in a six-month period on out-of-state purchases to determine whether or not there is fraud.

### ***EBT Card Spending Report***

11. Requires DES to post on its website a spending report of the SNAP and TANF programs. The report is required to include the following:
  - a) the dollar amount and number of transactions of SNAP program benefits and TANF benefits that are accessed or spent outside of this state, disaggregated by state; and
  - b) the dollar amount and number of transactions of TANF benefits that are accessed or spent in this state, disaggregated by retailer, institution or location.
12. Requires the spending report to be de-identified to prevent identification of individual recipients.
13. Requires DES to purge the spending report six months after the report is issued.

### ***Jobs Program***

14. Adds the following to the educational programs an unmarried custodial parent may attend in lieu of fulfilling standard work participation requirements:
  - a) a general education development program;
  - b) a career and technical education program; and
  - c) an associate degree program.
15. Requires DES to provide the Jobs Program to eligible families transitioning off of cash assistance due to the time limit if needed to obtain employment, to maintain employment or to receive a higher level of employment. The Jobs Program shall be provided for up to 12 months after a cash assistance case closure.
16. Requires all of the following to apply in order for a participant to qualify for Jobs Program services after a cash assistance case closure:
  - a) the case was closed due to the time limit;
  - b) the participant was enrolled in the Jobs Program at the time of case closure;
  - c) the case was not in a Jobs sanction at the time of closure; and
  - d) DES has sufficient monies to pay for activities or services.

*Sanctions for Noncompliance*

17. Requires DES to impose the outlined graduated sanctions if either:
  - a) the recipient voluntarily terminates paid employment without good cause as specified in rules adopted by the DES Director; or
  - b) an adult recipient uses, sells or possesses one of the statutorily prohibited controlled substances as specified in rules adopted by the DES Director.
18. Modifies the graduated sanctions as follows:
  - a) for the first instance of noncompliance, DES shall reduce the cash assistance grant by 50 percent for one month, instead of 25 percent; and
  - b) for the second instance of noncompliance that occurs in a month other than the month in which the first noncompliance occurred and any instance of noncompliance thereafter, DES shall terminate the cash assistance grant for at least one month or until the household complies.
19. Requires each employment service contractor, beginning in 2017, to report semiannually to the DES Director, the Speaker of the House of Representatives, the Senate President and the Governor, with a copy provided to the Secretary of State, by December 31 and June 30 of each year:
  - a) the percentage of persons placed in jobs by the contractor;
  - b) the percentage of persons who have retained a job for more than 3 months;
  - c) the average wage paid for all persons employed through the contractor; and
  - d) the percentage of persons receiving health benefits through their employer.

*Miscellaneous*

20. Requires an agency to waive any fee charged for an initial license for any individual applicant whose family income does not exceed 200 percent of the FPL guidelines if the individual is applying for that specific license in this state for the first time.
21. Requires DES application forms to include notice that it is mandatory for a recipient to cooperate with a fraud investigation and that any failure to cooperate may result in a case closure and the termination of benefits within 10 days of notice of the termination.
22. Makes technical and conforming changes.
23. Becomes effective on the general effective date.

House Action

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|----------------------|---------|-----|-----------|
| HEALTH               | 2/2/17  | DPA | 9-0-0-0   |
| APPROP               | 2/8/17  | DP  | 13-0-0-1  |
| 3 <sup>rd</sup> Read | 2/23/17 |     | 31-29-0-0 |

Prepared by Senate Research

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